

21 MAR 1972

**MEMORANDUM FOR: Legislative Counsel**

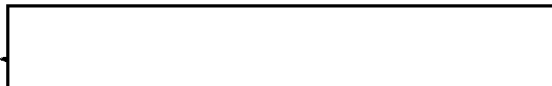
**SUBJECT : Proposed DCI Statement Before the  
Special Subcommittee on Intelligence  
of the Armed Services Committee,  
House of Representatives (Nedzi  
Committee)**

I have reviewed the statement you prepared for the DCI in case he testifies before the Nedzi Committee and have the following suggestions concerning it.

- (1) In view of the sensitivity of much of the statement, I would suggest a defense classification of "SECRET" together with a Group I marking.
- (2) Regardless of classification, the type of information set forth in paragraph VI. A., page 15, is exempted from disclosure under the Freedom of Information Act and thus not an example of the dangers of premature or poorly considered declassification.
- (3) It is strongly urged that the example set forth in paragraph VI. B., pages 15 and 16, be deleted. This is the

type of information, which if publicly released by a member of Congress in the future, either because he does not consider it to warrant protection in the national interest or he wishes to embarrass the Agency, or both, could indeed be misconstrued and misrepresented by anti-CIA columnists and editors.

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HOWARD J. OSBORN  
Director of Security

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OS/ES/EPD/[redacted]sb (17 March 1972)

DCI Congressional Briefing

CLASSIFICATION OF INTELLIGENCE INFORMATION

INTRODUCTION

I. Mr. Chairman, I very much appreciate this chance to discuss with you the problem of the classification and protection of information as it concerns the intelligence community. I realize that there is a tendency throughout the executive agencies to overclassify material of all kinds. I am not here to claim that the intelligence community is immune from this tendency, but I do want to emphasize that in the intelligence business we have a very special problem regarding the protection of our sources, our methods, and the end product of the intelligence process.

A. Intelligence agencies, by the very nature of their work, depend on secrecy for their success, and even their survival.

B. In this sense, our security problems in the intelligence community are substantially different from those of most Federal agencies. In other agencies material is usually classified on the basis of limited or short-term considerations--the necessity to protect a weapons system

before it is exposed to the enemy in combat--or a planned military or diplomatic move in circumstances where success depends on surprise--or advanced scientific and technical breakthroughs with military application.

1. In cases like these the sensitivity of the information is of limited duration--the sensitivity disappears when the action, success of which depends on secrecy, has taken place, or when the information has somehow become accessible to the people we had originally tried to keep from getting it. But secrecy--security--discretion in handling sensitive material--the "need to know" principle--these are all fundamental to the intelligence business, just as financial responsibility is fundamental to the banking business or respect for personal confidences are fundamental to the legal and medical professions.
2. An intelligence service, like the banker, the lawyer, and the doctor, conducts a large part of its business on the basis of delicate fiduciary relationships with a variety of individuals, organizations, and even governments.

If it is suspected of indiscretion or lack of professionalism in handling these relationships, and the information they produce, it will be out of business quite as soon as the banker, lawyer, or doctor who gets the reputation for being irresponsible, unethical, or unprofessional.

II. The need for secrecy in intelligence work has been recognized since the first days of the Republic. In 1777, George Washington wrote to Elias Dayton:

"The necessity of procuring good Intelligence is apparent and need not be further urged-- all that remains for me to add, is, that you keep the whole matter as secret as possible. For upon Secrecy, Success depends in most Enterprizes of the kind, and for want of it, they are generally defeated, however well planned...."

At about the same time we find in the Federalist Papers the comment that:

"There are cases where the most useful intelligence may be obtained, if the persons possessing it can be relieved from apprehensions of discovery."

A. This latter point about relieving our sources and collaborators "from apprehension of discovery" is important. Many of our most valuable sources are those who report on developments in hostile countries, such as those in the Communist Bloc,

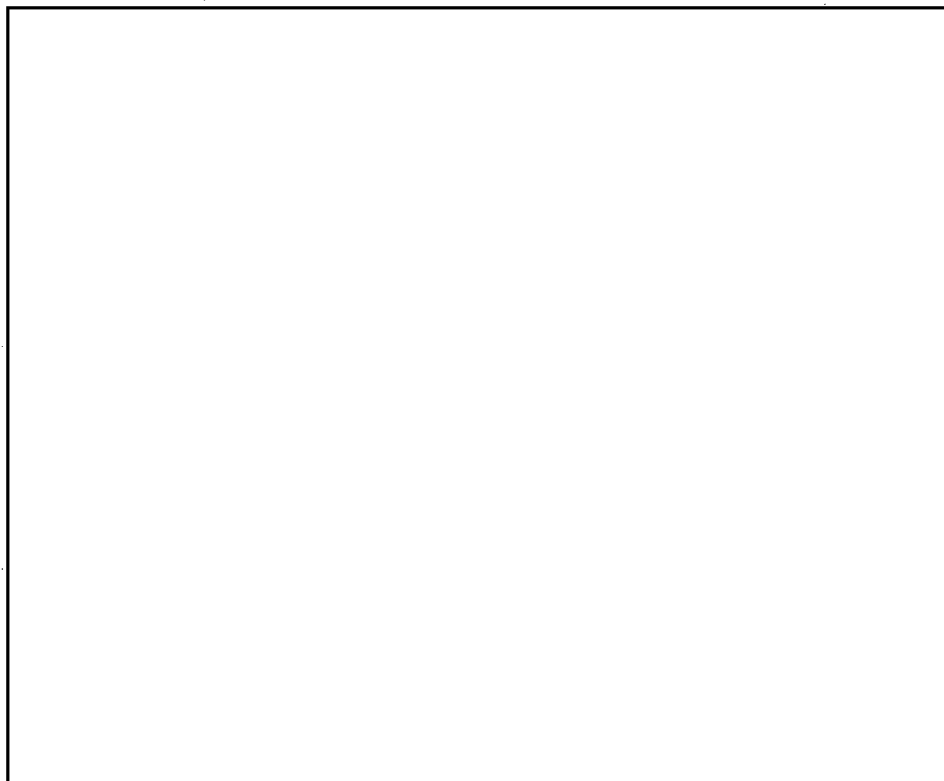
or neutral countries which are particularly sensitive about their security. Any minor indiscretion on our part might cost these sources their freedom, or even their lives. And the mere suspicion that we were indiscreet, however illfounded, would cause them to break off all contact with us.

- B. We have had some dramatic examples of this "apprehension of discovery" recently as a result of the revelations contained in the Pentagon Papers and in Jack Anderson's columns.

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2. With the publication of the Anderson papers a highly placed source in a South Asian country, who had produced material of outstanding value in connection with recent events there, has broken all contact with us, and several other sources have become so nervous that their effectiveness has been seriously impaired.
3. Governments involved in these revelations have launched widespread investigations into the source of the information which Anderson leaked. These investigations are

having the obvious effect of making it extremely difficult for us to recruit new sources in these areas to replace those who have run for cover.

4. Because of these investigations we have found it necessary to impose a temporary "standdown" on a number of our remaining operations in this area in order to preserve our limited assets until the security situation is more relaxed.

C. There are other ways in which security breaches can seriously impair the effectiveness of our own operations. We know from well-informed defectors and high-level penetrations of hostile intelligence services

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and neutralization of CIA was among their highest priorities.

Through such penetration, the enemy can identify and neutralize our own intelligence operations against him.

By learning what we know, and don't know, about his capabilities and intentions he can gain insights enabling him to confuse and deceive us. And when he gets information about us which he can not readily exploit operationally, he can make it public in ways that will embarrass and dis-



D. Security breaches can be just as damaging to technical sources as to human sources. I am sure you are well aware of the importance--and the costs--of Communications Intelligence, Electronic Intelligence and overhead reconnaissance these days. Let me mention a few examples of the damage that can be done to these systems by occasional security lapses:

ILLEGIB

1. Some years ago the Soviet Union launched a major program of shipping arms to certain neutral countries.

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TELEGIB

2. Our original tip off on the first Chinese nuclear weapons testing resulted from monitoring Chinese weather broadcasts and flight activity in the Lop Nor test area. But a U.S. official mentioned this to the press, and the Chinese of course promptly adopted more secure procedures.
3. During the early 1960's the Soviets transmitted timing tones and tracking data regarding their missile tests on high frequency radio circuits. As a result of a revealing article in Aviation Week, these transmissions disappeared, and the system which replaced them is largely unrecoverable or unreadable.
4. Just this last December the New York Times mentioned the construction of a large new building at the Severodovinsk yard in the White Sea where Soviet Y-class submarines are built. Although not mentioned in the Times story,

satellite photography. When we photographed the Severodovinsk yard some weeks later we noted for the first time that the Soviets had covered one particularly significant area--the missile bay of a new submarine--with a protective shed.

E. Mr. Chairman, you are well aware of the value of our technical collection systems today. These systems--basically electronic and photographic--have provided us with a quantity and quality of solid information about military and related activities around the world that would have been undreamed of just a few years ago. But, as the foregoing examples illustrate, every one of these technical capabilities is subject to technical countermeasures.

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3. So far as our photographic capabilities are concerned, you have been told of the Soviet program for developing "satellite killers"--even though we doubt that the Kremlin would use such a capability except in the most extreme

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F. We collect much information by means that are themselves perfectly open and above board, but even here there are security problems.

1. For a number of years the Soviets have published a military journal, somewhat like our Infantry Journal or Naval Institute Proceedings, designed primarily for their officers, but obtainable by outsiders with a little ingenuity. Shrewd analyses of the articles in this journal proved of considerable intelligence value, and were distributed quite freely within the intelligence community. However, one day a military analyst published a book based on these analyses, and the

Soviets promptly restricted the circulation of their

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H. The same thing has happened regarding Soviet maps. For some years a number of Soviet maps were available overtly, but when the Soviets learned how successfully we were exploiting them for intelligence purposes, they not only tightened their map distribution, but even went so far as to print and publish phoney maps in an apparent effort to deceive us.

III. Mr. Chairman, in discussing this material there is also the problem of automatic downgrading of intelligence information after the passage of a specific period of time.

III. Mr. Chairman, the examples I have just cited deal mainly with clandestine intelligence collection, through either human or technical sources and with the handling of intelligence information. It is not too difficult to explain why material of this kind has to be so carefully guarded. But in CIA, as in all Government agencies, we have a lot of material--cables, dispatches, memoranda, staff studies, etc., dealing with what might be called "housekeeping" matters.

- A. This material concerns personnel--for example, their training, their fitness reports, their assignments, their promotions.
- B. It concerns how and where we spend our money (you may be sure we have very thorough accounting procedures that are under constant review by our own auditors and an audit team from OMB).
- C. Like other Government agencies, we have property, and we have to maintain accountability for it.
- D. Our people do a good deal of travelling and this, of course, is also a matter of record.

IV. So all told we have a good deal of paper that concerns these various relatively unexciting aspects of our work. But you may be sure that information on these subjects would be extremely exciting to a hostile intelligence service.

- A. With access to our personnel records, the enemy can, of course, identify our people wherever they may go, and, by learning of their training experience and specialization, conclude a great deal about their mission.
- B. Our financial records could, of course, tell quite a story about where major activities were going on that are not otherwise discernible, thus stimulating the enemy to make special efforts to uncover them.
- C. Through property records a lot can be revealed about where special technical equipment is being moved back and forth, and personnel travel records can tell the story of the operational movements of key personnel with unique technical or linguistic talents.

V. Mr. Chairman, along with the problem of classifying intelligence material is the problem of declassifying or downgrading it. As I mentioned at the outset, the necessity for classifying much Government information is shortlived and the great bulk of confidential and secret, and even much top secret information, can be declassified after a few years with no harm to the national interest. This is not necessarily the case with intelligence material. Let me mention some examples.

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VI. Declassification of material from intelligence files--even years after the fact--can often cause serious harm to innocent people.

A. Inevitably intelligence files contain a quality of raw and unevaluated information. Much of this information concerns individuals--sometimes involving their personal and private affairs. This is unavoidable in cases where we have to check carefully on the loyalty and stability of our sources, and of our own employees. It is also in the nature of things, like all security and intelligence services, we frequently receive unsolicited tips and scraps of information from anonymous sources, cranks, and plain trouble-makers. Sometimes this information is viciously libelous about certain individuals, but we can't avoid people passing it to us and common sense requires that we keep some record of it in highly confidential files. But its declassification and publication, even years after its receipt, might have the most mischievous and far reaching consequences.

B. One little example in which declassification would probably cause harm to an innocent victim concerns a case of nearly 20 years ago. This involved an extremely valuable agent in the

*This type  
data is  
exempted  
under the  
Freedom of  
Information  
Act*

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- VII. Mr. Chairman, I am fully aware that in our society, there always has been and always will be, pressure to make information about what the Government is up to available to the public. I think this pressure is not only inevitable, but healthy. We want to respond to it in so far as possible consistent with my statutory responsibilities to protect intelligence sources and methods, our fiduciary relationships with our sources and collaborators, and with our obligation to do an important job professionally and effectively. Wherever possible we are producing material in unclassified form. It includes information reports, reference aids, maps, and statistical compilations.

STATSPEC

- B. Our Central Reference Service publishes unclassified biographic material including a monthly catalog of the chiefs of state and cabinet members of foreign countries.
- C. Our Office of Basic and Geographic Intelligence has published unclassified map folios covering the Soviet Union, China, and Indochina. We have just done an unclassified China atlas, 1,200 copies of which are going to selected individuals and institutions outside the Federal Government.
- D. In addition, we have now unclassified an annual fact book on foreign countries; we frequently issue unclassified studies on nonsensitive subjects such as economic statistics, foreign agriculture, oil resources, East-West trade, and so forth.

VIII. Mr. Chairman, we have been examining ways of making more information available to the public and we will continue to do so, but in closing I would like to emphasize once more that, as in so many cases, the effectiveness of an organization depends largely on its image. And the effectiveness of an intelligence service requires that it have an image of the utmost discretion and meticulous care in protecting confidences. I don't think I could do the job this Committee expects and demands of me if I didn't jealously protect that image. And I don't think we would have this image long if it became known that substantial quantities of our material were being regularly made available to the public.

Nedzi Committee Questions to DOD No 2.

1. Have your personnel security evaluation procedures been upgraded since Martin-Mitchell?
2. How does an employee repeal a revocation of clearance? Give the Committee a statement of appeal procedures.
3. How many people in the Defense Department have original Top Secret classification authority?
4. Discuss derivative Top Secret classification authority.
5. Of the 799 individuals in the Department of Defense who now have original Top Secret classification authority, how much will this number decrease under the new Executive Order?
6. How do you plan to reduce the number of people who have original Top Secret classification authority?
7. Does industry have original classification authority?
8. How many documents can be downgraded or declassified under the new Executive Order?
9. How do you plan to avoid overclassification?
10. Of the 799 individuals who have Top Secret original classification authority, how many are high level officials such as Assistant Secretaries, Deputy Secretaries, etc.?
11. How do you plan to handle an abuse of overclassification?
12. Can you reprimand the Secretary of Defense or the Secretary of Navy?
13. The new Executive Order requires that the person who authorized original classification of a document be listed on that document unless he can be identified by the highest authority. Who is the highest authority? The President?

14. The new Executive Order states that you will give more protection to that material that is classified under the Order. How do you plan to do this?
15. Does legislation supersede an Executive Order?
16. Do you have an executive privilege problem?
17. What does national security mean? Why was it changed from national defense?
18. Is it possible that national security may be used to cover domestic problems only remotely connected with the national security?
19. Are there any other classification categories other than Top Secret, Secret and Confidential?
20. Why was the definition of Confidential changed from "prejudicial" to "cause damage"?
21. The new Order limits the authority for original classification of Top Secret to heads and senior principle deputies of major elements. Would you elaborate on this. Who are they? Will you furnish their titles for the record?
22. Will there be a reduction in the number of people who have original Confidential classification authority under the new Order? It doesn't seem so to me.
23. Define Official Use Only and relate your policy for disclosure of Official Use Only information.

Nedzi Questions to DOD No 1.

1. What are the names of the 12 departments and agencies which will have original Top Secret classification authority under the new Order?
2. Which of the Executive Offices will have similar authority? Will PFIAB?
3. What is the difference between "need-to-know" and "required for official duties"?
4. How many Top Secret clearances are there in each of the armed services?
5. Do you have any automatic <sup>derivation</sup> reclassification of clearances procedures?
6. How often do you reinvestigate people with clearances? How far behind are you in this program?
7. How can the Congress have input in helping you solve the problems of classification, declassification and protection of classified material?
8. Did the White House accept all of DOD input into the Executive Order? Which items were not accepted?
9. What do you think of a Panama Canal Company employee who has a Top Secret clearance and is preparing a paper on the repair and maintenance of the Panama Canal locks asking a military Commander in the area for a Top Secret document to assist him in his report and taking one sentence from that document and then classifying the entire 90 page document Top Secret? In other words, how do you handle the derivative classification?
10. Don't you believe that the requirement in the Executive Order to separately classify each paragraph of a document would give aid to the opposition since when the opposition got access to the document they would be able to pinpoint those paragraphs which are extremely sensitive?

11. Who is authorized to speak for the President in the implementation of this Order?



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UNCLASSIFIED		CONFIDENTIAL	SECRET
<b>OFFICIAL ROUTING SLIP</b>			
TO	NAME AND ADDRESS	DATE	INITIALS
1	C/ES	17 MAR 1972	<i>[Signature]</i>
2	DD/Security	3/2/	<i>[Signature]</i>
3	D/Security	21 MAR 1972	<i>[Signature]</i>
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ACTION		DIRECT REPLY	PREPARE REPLY
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<b>Remarks:</b> <p style="text-align: center;"><i>Believe our comment should be formalized. Recommend signature.</i></p> <p style="text-align: right;"><i>[Signature]</i></p>			
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